

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Government Efficiency Appropriations Committee

BILL: CS/SB 1832

INTRODUCER: Government Efficiency Appropriations Committee, Senators Haridopolis and Crist

SUBJECT: Sales Tax Exemption

DATE: April 4, 2006

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Barrett</u>	<u>Cooper</u>	<u>CM</u>	Favorable
2.	<u>Keating</u>	<u>Johansen</u>	<u>GE</u>	Fav/CS
3.	_____	_____	<u>WM</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill provides a sales tax exemption for advertising materials that are distributed free of charge by mail in an envelope for at least ten persons on a regular basis.

This bill amends section 212.08 of the Florida Statutes.

II. Present Situation:

Chapter 212, F.S., contains the state's statutory provisions authorizing the levying and collection of taxes on sales, use, and other transactions. This chapter also contains provisions for sales and use tax exemptions and credits applicable to certain items and under certain circumstances. The statutes currently provide more than 200 non-service exemptions. Exemptions generally take the form of identifying specifically exempt items, exempting items when used for particular purposes, and exempting purchases or sales by certain types of organizations, such as the government, churches, and charitable organizations. Section 212.08(7), F.S., provides 54 miscellaneous sales tax exemptions.

Section 212.08(7)(w), F.S., provides a sales tax exemption for certain newspaper, magazine, and newsletter subscriptions that are delivered by mail. This section also provides a sales tax exemption for shoppers and community newspapers that are free, circulated publications that are published on a regular basis, the content of which is primarily advertising. These publications must be distributed through the mail, home delivery, or newsstands. Coupons or other printed advertising distributed in an envelope on a regular basis are not considered publications and are not covered by this exemption.

Section 212.02(12), F.S., defines “person” to include any individual, firm, co-partnership, joint adventure, association, corporation, estate, trust, business trust, receiver, syndicate, or other group or combination acting as a unit and also includes any political subdivision, municipality, state agency, bureau, or department and includes the plural as well as the singular number.

III. Effect of Proposed Changes:

Section 1 amends s. 212.08(7), F.S., creating paragraph (ccc) to add a sales tax exemption for advertising materials that are distributed free of charge by mail in an envelope. Specifically, this section provides that the following materials are exempt from sales tax: materials consisting exclusively of advertisements, such as individual coupons or other individual cards, sheets, or pages of printed advertising, which are distributed free of charge by mail in an envelope for at least ten persons on a monthly, bimonthly, or other regular basis.

Section 2 provides an effective date of July 1, 2006.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

On March 17, 2006, the Revenue Estimating Conference estimated that this sales tax exemption would result in a loss to the General Revenue Fund of \$0.7 million in fiscal year 2006-07 and on a recurring basis.

**FY 2006-07
(Millions)**

General Revenue		State Trust		Local		Total	
Cash	Recurr.	Cash	Recurr.	Cash	Recurr.	Cash	Recurr.
(0.7)	(0.7)	(*)	(*)	(0.2)	(0.2)	(0.9)	(0.9)

* Insignificant

B. Private Sector Impact:

Entities that distribute advertisements regularly through the mail in envelopes will benefit, as they will no longer be subject to sales tax on the costs associated with production of the material.

C. Government Sector Impact:

The Department of Revenue may incur administrative costs related to the administration of this sales tax exemption; such costs are likely to be insignificant.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

VIII. Summary of Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
